



March 21, 2014

To: Executive Board

Subject: **Foothill Transit Student Rider Program Subsidy**

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### **Recommendation**

Establish a uniform subsidy amount for Foothill Transit college programs of \$0.60 per boarding.

### **Analysis**

Reaching out to students increases their probability of ridership as they enter the workforce and this generates transit-positive commuters of the future. Programs such as these are used as marketing and ridership growth efforts that allow Foothill Transit an opportunity to collect valuable information on systemwide ridership. Foothill Transit currently has student rider programs at Rio Hondo College and Pasadena City College, as well as two pilot Class Pass Programs at Mt. SAC and the University of La Verne.

The GoRIO program began in the Fall Semester of 2006 and was the first program of its kind for Foothill Transit. The current GoRIO MOU stipulates that the college provides Foothill Transit a subsidy of \$20,000 for the 2013-2014 academic year (two semesters). GoRIO ridership is estimated at approximately 30,000 boardings per year.

The I-Pass pilot program began at Pasadena City College (PCC) in the Fall Semester of 2010. The current I-Pass MOU stipulates that the college provide Foothill Transit a subsidy of \$60,000 for the 2013-2014 academic year. PCC ridership is estimated at approximately 65,000 per year.

While the GoRIO and I-Pass programs were implemented in concert with L.A. Metro and other area transit providers, Foothill Transit's Class Pass programs at Mt. SAC and the University of La Verne were implemented in the Fall Semester of 2013 as three-semester pilot programs. The last semester of the Class Pass Pilots at Mt. SAC and the University of La Verne is Fall 2014. The implementation of a uniform subsidy rate for all schools participating in Foothill Transit's Student Rider programs will ensure that each school will pay the same per-student rate for the services. If a uniform rate were approved, at the end of each semester a subsidy amount would be billed to the school based on a calculation of total semester boardings multiplied by the set subsidy rate.

### **Recommended Cost Formula**

$$(\text{Boardings}) \times (\text{rate per boarding}) = \$$$



Foothill Transit currently provides full-time student riders with a discounted 30-day pass which is half the price of a regular 31-day pass. For the Class Pass subsidy discussion a per-boarding rate for students is calculated for the system. The current average fare for Foothill Transit Local and Silver Streak riders is \$1.31 and in order to estimate the current student rate per boarding half of the average fare was taken, which is approximately \$0.65.

At Rio Hondo and PCC the per-boarding cost averages about \$0.58 for Rio Hondo while Pasadena City College averages about \$0.78 per boarding.

<b>Rio Hondo</b>	<b>Pasadena City College</b>
<b>\$10,000</b> Subsidy	<b>\$30,000</b> Subsidy
<b>17,244</b> Boardings	<b>38,651</b> Boardings
<b>\$.58</b> /Boarding	<b>\$.78</b> /Boarding

Setting a subsidy rate that will be beneficial to the colleges, the students and Foothill Transit is important. There were three primary considerations looked at in identifying a subsidy amount:

1. Setting a subsidy rate for existing programs that will not substantially increase the current program costs;
2. Setting a subsidy rate that enables the school to set a student fee that is attractive to students; and
3. Establishing a rate that Foothill Transit could maintain financially.

In order to address the items above, a rate that is at the lower end of the current program reimbursement is recommended. A subsidy rate of \$0.60 would meet all the criteria stated above:

1. A \$0.60 rate would slightly increase the cost to Rio Hondo, which the college administration is aware of. The cost to PCC will decrease substantially.
2. A student fee under \$10 per semester is attractive to students and if a school were to use a student fee to subsidize the program that fee would be achievable with the proposed \$0.60 per boarding. The current projected ridership shows this possibility. It should be noted that any student fee implemented would be at each



college's discretion as there may be other methods available to each college community to fund the required subsidy.

3. Foothill Transit's primary focus on this program is as a marketing opportunity to increase ridership. This program is also an allowable use of Foothill Transit's Measure R allocation.

The subsidy amount, once approved, would begin in the Fall Semester of 2014 for PCC and Rio Hondo with the signing of a new MOU with each campus. For the Class Pass campuses the pilot program ends in Fall 2014 and if each program were continued the subsidy would begin in Spring 2015.

### **Budget Impact**

There is no added operating cost associated with the Class Pass program unless additional service is implemented to meet ridership demand. The recommended action will help to mitigate any fare revenue loss associated with those students who would have paid cash fares or purchased 31-Day passes to use Foothill Transit's service. The anticipated positive revenue impact from the proposed Class Pass subsidy ranges from \$500,000 to \$600,000 annually.

Sincerely,

A handwritten signature in blue ink, appearing to read "D. Gagnon".

Katie Gagnon  
Special Projects Manager

A handwritten signature in blue ink, appearing to read "Doran J. Barnes".

Doran J. Barnes  
Executive Director